

Message Text

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ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-07 TRSE-00 /018 W

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P 051458Z APR 76

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC PRIORITY 4273

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E.O. 11652: N/A

TAGS: BEXP, SA

SUBJECT: AUSTIN ELECTRONICS BID ON SAUDI PRESS AGENCY TENDER

REF (A) STATE 070357, (B) STATE 078949, (C) JIDDA 2257

1. EMBASSY AGAIN CONTACTED A.M. SWAILEM, DIRGEN ENGINEERING DEPARTMENT OF MINISTRY OF INFORMATION RE SUBJECT AND SPECIFICALLY WENT OVER POINTS RAISED IN 070357.

2. SWAILEM CONFIRMED THAT AUSTIN IS SOLE U.S. BIDDER. HE STATED BIDS WERE STILL UNDER STUDY AND EXPECTED REVIEW TO LAST TWO WEEKS OR MORE. LETTER FROM O'CONNOR HAS BEEN RECEIVED BY SWAILEM WHO ALSO DISCUSSED MATTER WITH AUSTIN'S LOCAL REP. KAKI, ON APRIL 4.

3. SWAILEM HAS NO OBJECTION TO VISIT BY AUSTIN REPS TO REVIEW MATTER BUT STATES HE CANNOT PERSONALLY REQUEST THEM TO COME TO SAUDI ARABIA. HE SAID HE'D LET FIRM KNOW IF VISIT FOR REVIEW OF BID WAS DECIDED BY SAG STUDY COMMITTEE.

4. QUERIED ON AUSTIN'S CHANCES OF WINNING TENDER SWAILEM STATED THAT WIDE SPREAD IN BIDS BETWEEN AUSTIN'S SR 28 MILLION AND LOW BID OF ABOUT SR 6 MILLION FROM BRITISH COMPETITOR WAS SERIOUS OBSTACLE.

5. COMMENT: KEY TO LOW BID IN OUR VIEW IS \$100 MILLION FOLLOW-ON CONSTRUCTION AND SALES POINTED OUT BY AUSTIN. IT IS NOT UNUSUAL FOR FOREIGN AND EVEN SOME U.S. FIRMS

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TO GO LOW ON TENDER BIDS THAT HAVE FOLLOW-UP POTENTIAL

FOR EXCEEDING VALUE OF FIRST TENDER. IT IS STILL POSSIBLE
FOR AUSTIN TO MODIFY, CLARIFY OR OTHERWISE REVIEW TENDER
WITH SWAILEM. WE SUGGEST THEY NOT AWAIT CALL WHICH MAY
NEVER COME BUT TO GET TO RIYADH AS SOON AS POSSIBLE IF
FOLLOW-UP IS AS IMPORTANT AS THEY STATE. DECISION IS
THEIRS TO MAKE AND WE DON'T PRESUME TO TELL THEM THEIR
BUSINESS BUT MERE CORRESPONDENCE WILL NOT SETTLE THE
MATTER IN THIS CASE. NOT HAVING BEEN CONSULTED EARLIER
NOR HAVING ANY PRECISE TECHNICAL KNOWLEDGE OF TENDER
WE ARE NOT IN A POSITION TO COMMENT ON AUSTIN CHANCES.
PORTER

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